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OVERVIEW OF AUDIT MANAGEMENT ACTIVITIES

The Environmental Protection Agency submits this Spring 1999 semiannual audit activity report in accordance with the requirements of the Inspector General Act Amendments of 1988. The report highlights significant audit management accomplishments and initiatives undertaken at EPA. It also provides an overview of audit activity in the previous six-month period -- October 1, 1998 through March 31, 1999. Complementing this report is *EPA's Office of Inspector General Semiannual Report to the Congress: October 1, 1998 through March 31, 1999*. The Inspector General's report highlights audit activity and describes its efforts to promote EPA's program efficiency and effectiveness.

AUDIT MANAGEMENT ACCOUNTABILITY

The Chief Financial Officer, as the Agency's Audit Follow-up Official, oversees EPA's follow-up on audit findings and recommendations, including resolution and implementation of corrective actions with coordinating support from the Office of Planning, Analysis and Accountability (OPAA).

This effort is bolstered by the recent issuance of EPA Manual 2750 - *EPA's Audit Management Process*, dated December, 1998. This new policy, which documents the audit process from the initial audit discussion to the final corrective action, includes references to the Federal regulations, Inspector General publications, and other management issuances governing EPA's audit process. In addition, it includes suggested good management practices for carrying out audit management responsibilities.

OVERVIEW OF AUDIT ACTIVITY

During this reporting period, EPA management monitored active resolution and follow-up action on 323 audits. These 323 audits fall into four major categories: Grants (148); Contracts (80); Internals (70); and Single Audits (25). Grant audits make up 46% of the 323 active audits monitored by EPA, with 89% of those being final audits of construction grants. Contract audits make up 25% of the active audits monitored this period; 5% of those contract audits are reviews of preaward contract proposals.

► Final Action Taken on Audit Reports

In the reporting period, EPA had a total of 311 management decisions pending final action. This is a decrease of 32 from the pending

final actions noted in the Fall 1998 report. Since EPA began Congressional semiannual reporting on its audit activity, the number of audit reports pending final action during each semiannual period has averaged 486. The number has ranged from a high of 791 (Spring 1990) to the current low of 311.

During the six-month period -- October 1, 1998 through March 31, 1999 -- EPA completed final action on 109 audits. This is a decrease of 10 from the previous reporting period. Of these, 90 were financial assistance audits with \$14,263,581 in disallowed costs recovered, written off or reinstated on appeal; two were audits of preaward contract proposals resulting in \$0 of unobligated funds reported as put to better use; and 17 were performance audits with internal EPA corrective actions completed. Tables 1 and 2 of this report present detailed information on this audit activity.

External Financial Audits - For external financial audits, final action occurs when the Agency: 1) recovers from the grantee costs disallowed in the Agency's management decision on the audit; 2) reinstates these costs as allowable through an appeal of the grantee; or 3) writes off the amount as an uncollectible claim. For the 90 external financial audit reports in which EPA took final action this period, the Office of the Inspector General had questioned \$19,813,237. After careful review, the OIG and the Agency together agreed to disallow \$14,263,581 of these questioned costs.

There are several reasons why the costs questioned in an audit may exceed the costs EPA eventually disallows. First, in many cases, the audited grantees or contractors provide additional cost documentation to the Agency after the audit is completed. This documentation was not available to the auditors and often supports the allowability of the claimed costs. Second, EPA officials may allow additional claimed costs based on further clarification of the grantee's activities as they relate to the grant regulations.

In either case, prior to issuing the determination to the grantee, EPA requires Agency officials to reach agreement with the OIG on the amount of costs that management proposes to disallow. The grantee has the opportunity under Federal regulations to formally appeal this EPA determination. On the basis of the information provided in the appeal, the Agency may reinstate to the grantee all or portions of the costs disallowed in the determination.

The Agency seeks to recover the final amount through an offset against future payments to the grantee or contractor, a "cash" collection, the receipt of property, or through other means the Agency determines are appropriate. If efforts to recover these funds from the recipient are not successful, the Agency may deem the funds uncollectible and write-off the amount.

As stated above, from October 1, 1998 through March 31, 1999, the Agency took final action on 90 external financial audits. Of the \$14,263,581 that EPA disallowed in these audits, the Agency recovered \$11,127,532, reinstated \$2,833,898 on appeal, and wrote off \$302,151 as uncollectible.

Audits of Preaward Contract Proposals - Audits of preaward contract proposals evaluate whether the prospective costs and pricing data submitted in contract proposals were appropriate, accurate and complete. Final action occurs when the Agency awards the contract or cancels the solicitation. The Agency completed final action on two audits of preaward contract proposals in this reporting period.

Internal Performance Audits - Internal performance audits are audits of internal Agency programs, organizations, functions or activities. For these audits, final action occurs when the Agency completes implementation of the corrective actions to remedy weaknesses identified in the audit. Many of these audits involve complex issues and require extensive, long-term effort by the responsible office. In some cases, EPA's corrective action plans are based on the need for states or other entities to implement their own corrective actions which are beyond EPA's direct control. The Agency completed final action on 17 internal performance audits in this reporting period.

► **Audit Reports Without Final Action**

As of March 31, 1999, 202 audit reports were without final action (excluding those audits with management decisions under administrative appeal by the grantee). These reports represent \$224,082,657 in disallowed costs awaiting recovery.

Of these 202 audit reports, EPA officials had not completed final corrective action on 72 audits within one year after the management decision. This is an decrease of 18 from the 90 reported in the Fall of 1998. Of the 90 reported in the Fall of 1998, EPA completed final action on 35 audits and 17 new audits met the reporting criteria for this period.

Of the 72 audits now awaiting final action after one year, the Agency expects to reach final action on 19 audits by September 30, 1999. The 72 audits are in these major categories: Internals (32); Contracts (21); Grants (18); and Single Audits (1). All have corrective action plans in place or are tracking monies owed the Agency.

External Financial Audits - Generally, the reason that final action on external audits remains open one year after issuance of the management decision is that the Agency is awaiting monetary reimbursement from the grantee. Once the EPA collects the Federal share of costs owed the government, EPA closes follow-up action on the audit. Of the 58 external financial audits reported in the previous semiannual report as having no final action after one year, EPA closed 28. Accounts receivable collection or other activities continue on the remainder.

Internal Performance Audits - Overall, the reason that follow-up on internal performance audits remains open one year after issuance of the management decision is because of the need for long-term corrective actions. As stated above, EPA officials may base their corrective action plans on the need for regulatory changes, statutory reauthorization or for states and other entities to implement their own corrective actions.

In this report, final corrective action on 32 internal performance audits remains incomplete after one year. Of the 32 reported in the previous semiannual report, final action on 7 is now complete.

► **Appeals of Management Decisions**

EPA regulations allow grantees to appeal management decisions on financial assistance audits that seek monetary reimbursement from the recipient. These appeals require EPA to suspend taking action to collect the account receivable until the Agency issues a decision on the appeal.

As of March 31, 1999, there were 78 management decisions in appeal status. This is an increase of 6 from the previous period. Of the 78 currently in appeal, the majority are from audits of construction grants. Two of these management decisions have been in appeal since late FY 1989. One is in the review process, and one is part of a larger group of appeals which is expected to be resolved by September 30, 1999.

**TABLE 1: FINAL ACTION ON
AUDIT REPORTS WITH DISALLOWED COSTS**

	Number of Audits	Disallowed Costs
A. Balance reported at the end of previous period.	173	\$221,370,931
B. Adjustments to the balance of the previous report. ¹	0	<u>- \$19</u>
C. Audit reports with management decisions on which the final action had not been taken at the beginning of the period.	173	<u>221,370,912</u>
D. Audit reports on which management decisions were made during the period.	70 ²	16,975,326
(i) Management decisions with disallowed costs.	22	16,975,326
(ii) Management decisions with no disallowed costs.	12	<u>0</u>
E. Total audit reports pending final action during the period.	243	<u>238,346,238</u>
F. Audit reports on which final action was taken during the period.	90	14,263,581
(i) Recoveries		
a) Offsets		9,646,391
b) Collections		1,426,425
c) Value of Property		0
d) Other		54,716
(ii) Write-Offs		302,151
(iii) Reinstated Through Grantee Appeals		<u>2,833,898</u>
G. Audit reports needing final action at the end of the period (subtract F from E).	153	<u>\$224,082,657</u>

¹ Differences in number of reports and amounts of disallowed costs between this report and our previous semiannual report result from adjustments made to our audit tracking system.

² This includes 36 management decisions on audits for which no costs were questioned and no costs were disallowed.

**TABLE 2: FINAL ACTION ON AUDIT REPORTS
WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE**

	Number of Audits	Dollar Value
A. Balance reported at the end of previous period.	51	\$0
B. Adjustments to the balance of the previous report. ¹	0	<u>0</u>
C. Audit reports with management decisions on which the final action had not been taken at the beginning of the period.	51	<u><u>0</u></u>
D. Audit reports on which management decisions were made during the period.	17 ²	0
(i) Management decisions with funds to be put to better use	0	0
(ii) Management decisions with no funds to be put to better use	0	<u>0</u>
E. Total audit reports pending final action during the period.	68	<u><u>0</u></u>
F. Audit reports on which final action was taken during the period.	19	0
(i) Value of recommendations that were actually completed		0
(ii) Value of recommendations that management decided should not or could not be completed		<u>0</u>
G. Audit reports needing final action at the end of the period (subtract F from E).	49	<u><u>\$0</u></u>

¹ Differences in number of reports and amounts of funds put to better use between this report and our previous semiannual report result from adjustments made to our audit tracking system.

² This includes 17 management decisions on audits for which no funds were recommended for better use.

TABLE 3: AUDIT REPORTS WITH MANAGEMENT DECISIONS UNDER ADMINISTRATIVE APPEAL*

	Number of Audits	Associated Costs
A. Balance reported at the end of the previous period.	72	\$165,541,160
B. Adjustments to the balance of the previous report. ¹	-1	<u>-453,138</u>
C. Audit reports with management decisions under appeal by the grantee at the beginning of the period.	71	<u>165,088,022</u>
D. Decisions on appeals during the period.	8	3,369,168
(i) Disallowed costs reaffirmed in the decision that were collected or offset during the period.		1,847,541
(ii) Disallowed costs reaffirmed in the decision that are awaiting to be recovered.		543,736
(iii) Disallowed costs reinstated to the grantee.		977,891
E. Audit reports with management decisions being appealed by the grantee new to this period.	15	<u>28,253,757</u>
F. Audit reports awaiting decision on appeal.	78	<u>\$189,972,611</u>

¹ Differences in number of reports and amounts of disallowed costs between this report and our previous semiannual report result from adjustments made to our audit tracking system.

* EPA has no audit reports under judicial appeal or where a legislative solution is being sought.

TABLE 4: AUDIT REPORTS WITH A MANAGEMENT DECISION BUT NO FINAL ACTION AFTER ONE YEAR

INTERNAL AND MANAGEMENT AUDITS

Internal and management audits are independent reviews of Agency programs and operations to determine whether results and objectives are achieved effectively, resources are managed efficiently, and applicable laws and regulations are complied with properly. Final action for this type of audit occurs when all corrective actions have been implemented. Final action may take longer than one year when corrective actions are complex and lengthy. (Audit Report Number and Management Decision Date are reflected for each audit).

Office of the Administrator:

ENVIRONMENTAL EDUCATION

1996-6100301 Management Decision Date: 12/24/1996

The Office of Communications, Education, and Media Relations has completed 18 of the 20 corrective actions. The remaining two commitments are incomplete at this time. Final action cannot be determined at this time.

REGION 7's POSITION MANAGEMENT

1996-6400015 Management Decision Date: 09/24/1996

The process to manage the number of grade 14s and 15s is an "interim" one. The Office of Administration and Resource's Management is currently undertaking a much more comprehensive study of grade structures at EPA. Final action cannot be determined at this time.

REGIONAL LABORATORIES

1997-7100277 Management Decision Date: 07/29/1997

Several of the corrective actions are part of ongoing processes. The Office of Regional Operations has completed three corrective actions and three are ongoing. Final action is expected by FY 2000.

Office of Grants and Debarment:

GICS SURVEY

1997-7100237 Management Decision Date: 10/22/1997

The Office has completed six of the seven recommendations identified in the audit report to improve the quality of data in GICS. The last recommendation will be completed by June 30, 1999.

Office of Administration and Resources Management:

PCIE TASK 1

1992-2100641 Management Decision Date: 01/27/1993 and

PCIE APPLIED MAINTENANCE - EPA

1995-5100240 Management Decision Date: 08/22/1996

The Office is assessing the impact of the Clinger-Cohen Act and the Government Performance & Results Act and their far reaching impact on our current IRM policies and guidance documents. After this assessment, all policies and guidance, including the System Life Cycle Guidance (SLCG), will be revised and updated as needed to reflect new legislative requirements. Expected completion for SLCG is September 1999.

GAD CONTROL OVER ASSISTANCE AGREEMENTS

1995-5100513 Management Decision Date: 08/14/1996

The Office has completed several corrective actions and continues to work on closeouts and post award monitoring findings. As of March 31, 1999, the Agency has reduced the original backlog by nearly 94%. EPA has made a commitment to Congress to eliminate the entire closeout backlog by July 2000.

INTERAGENCY AGREEMENTS

1995-5400051 Management Decision Date: 09/30/1997

Through a series of technical difficulties, the entry of key dates did not occur in a timely fashion. Corrective action completed September 30, 1998.

HANDICAP ACCESS

1996-6100150 Management Decision Date: 06/25/1996

EPA has consistently implemented the OIG's recommendations and continues to do so. While most of the recommendations have been completed, final action cannot be determined at this time.

BAY CITY COMPUTER

1996-6100306 Management Decision Date: 04/02/1997

Final corrective action occurred on April 20, 1999.

EPA REGIONAL LAB ATHENS

1997-7400027 Management Decision Date: 10/01/1997

Through a series of technical difficulties, the entry of key dates did not occur in a timely fashion. Correction action was completed in August 1997.

SPEDI LANS SECURITY

1997-7100307 Management Decision Date: 11/26/1997

Through a series of technical difficulties, the entry of key dates did not occur in a timely fashion. Correction action was completed in July 1997.

Office of the Chief Financial Officer:

SUPERFUND FY 1991 TRUST FUND

1992-2100660 Management Decision Date: 03/25/1993

The Office is requesting a legal opinion on reaffirming the legality of charging superfund expenses to the appropriation. Final action cannot be determined at this time.

FY 1994 FINANCIAL STATEMENT

1995-5100192 Management Decision Date: 06/15/1995

The OIG recommended that the office reconcile obligation differences between the Management Accounting Reporting System (MARS) and IFMS. A MARS enhancement to correct data matching problems will be implemented in the summer of 1999. The final corrective action is scheduled for completion by July 1999.

FY 1995 FINANCIAL STATEMENT

1996-6100200 Management Decision Date: 01/08/1997

The OIG revised the issue of system documentation in their FY 1997 Financial Statement audit because it is not cost-effective. The office is actively working on the final corrective action by seeking a response from OGC on multiple appropriations and working with OIG on a strategy on data dictionary and documentation. Final action date cannot be determined at this time.

Office of Enforcement and Compliance Assurance:

GOOD LABORATORY PRACTICES

1992-2400032 Management Decision Date: 06/25/1992

The Office notified the Environmental Lab Advisory Board (ELAB) that it accepted the ELAB GLP Subcommittee's recommendation to disengage the GLP labs from the National Environmental Laboratory Accreditation Committee (NELAC). The Subcommittee also recommended a few options which are currently under review by two EPA offices. Decisions will be made regarding these options and forwarded to ELAB and the Environmental Management Monitoring Committee (EMMC) in the third quarter of 1999.

PCB FOLLOW-UP

1992-2400065 Management Decision Date: 01/11/1993

During the development of the FY 1999 budget and the FY 1999 workplan, funds were not earmarked to revise the PCB inspection manual to include information on the new PCB regulations. The Office will include information on the new PCB regulations during the development of new multi-media compliance assistance sector guidelines and post information appropriate to the sectors on new PCB rules. Final action cannot be determined at this time.

PESTICIDES IMPORTS - FOLLOW-UP

1993-3100097 Management Decision Date: 05/17/1993

EPA and Customs entered into a formal MOU to expand our cooperative activities in enforcement of U.S. Environmental Laws at our borders. EPA has received requests from other nations to use the MOU as a model for their own customs services. Final action cannot be determined at this time.

SUPERFUND CAPPING REPORT

1993-3100152 Management Decision Date: 06/28/1993

The Office is discussing achievements and milestones with the OIG. Final action cannot be determined at this time.

RCRA ENFORCEMENT ACT

1997-7100146 Management Decision Date: 09/08/1997

The Office provided the RCRA Economic Benefits Non-Compliance Manual to each State environmental agency. We are also continuing to integrate the computerized EBN manual into the Benefits model. Final action cannot be determined at this time.

ENVIRONMENTAL JUSTICE SMALL GRANTS PROGRAM NATIONWIDE

1997-7100247 Management Decision Date: 10/01/1997

The Office has established a system to monitor projects more efficiently. The Office has established a mechanism to promote and publicize successful projects funded under the small grants program. A report which summarizes these activities has been drafted and is scheduled for dissemination in FY 1999.

Office of Prevention, Pesticides and Toxic Substances:

PESTICIDES INERTS

1991-1100378 Management Decision Date: 04/09/1993

Difficulties finding sufficient data to support reevaluation of inerts. Expect to complete all remaining actions by September 30, 1999 except one: Issuance of Data Call-In Notices (DCIs) for (500) inerts of unknown toxicity delayed to December 31, 2001 due to limited resources and need to coordinate with schedule for implementing tolerance reassessment provisions of new FQPA law.

PESTICIDES BANNED FOLLOW-UP

1993-3400030 Management Decision Date: 03/26/1993

Proposal of the final rule has been delayed due to the complexity of the rule, the large number of public comments and the competing priorities for resources within the Pesticide Program, plus loss of staff. Promulgation of Phase II final rule anticipated late 1999. OECA has lead on Phase I of final rule.

PESTICIDES THEME REPORT

1994-4100205 Management Decision Date: 03/11/1994

This extensive audit consolidated many previous audits, covered several major aspects of the pesticide program. Specific, individual corrective actions are under way; and several have been completed. Corrective actions dealing with management, internal procedures being carried out under OPP's new organization and Food Quality Protection Act requirements. The final 1999 update audit is expected by November 1999.

Office of Research and Development:

REVIEW OF GED-NHEERL

1996-6400045 Management Decision Date: 09/24/1996

Nineteen of 21 corrective actions have been implemented. The two remaining corrective actions are scheduled for completion by May 31, 1999.

ORD EXTRAMURAL MANAGEMENT SPECIALIST POSITION

1997-7100141 Management Decision Date: 08/21/1997 and

HL LAS VEGAS LABORATORY PROGRAM

1997-7400022 Management Decision Date: 07/31/1997

The final corrective action, to update the Office of Research and Development policy on extramural resources management, is scheduled for completion by May 31, 1999.

Office of Solid Waste and Emergency Response:

MANIFESTING REQUIREMENTS

1995-5100512 Management Decision Date: 09/26/1996

Many of the corrective actions are part of ongoing processes. OSWER/OSW will continue to pursue completion of them during FY 1999. OSW completed public meetings and expects a proposed rule in FY 1999. Waste Info Needs initiative, final recommendations expected FY 2000. The proposed Hazardous Waste Identification Rule (HWIR) is expected October 31, 1999 with the rule being final in 2001.

AUDIT OF RCRA HAZARDOUS WASTES

1997-7100114 Management Decision Date: 04/01/1997

The Office of Solid Waste has completed several items to enhance accessibility to hazardous waste data and reduce reporting burden. OSW is undertaking the multi-year Waste Info Needs (WIN)/Informed project to analyze RCRA hazardous waste data needs and to design streamlined, updated, high quality future OSW information systems. Many of the OIG recommendations will be addressed during this ongoing project. Final action cannot be determined at this time.

LABORATORY DATA QUALITY - FED

1997-7100132 Management Decision Date: 06/20/1997

Many of these recommendations depend upon the Inter-governmental Lab Data Quality Task Force which includes DOE, DOD, ORD, OERR, OSW, FFRRO and regional offices. Final action cannot be determined at this time.

ANIMAL WASTE DISPOSAL

1997-7100142 Management Decision Date: 08/11/1997

Final action depends upon promulgation of effluent guidelines and accompanying implementing regulations. These regulations are to be promulgated 2001.

Region 9:

AIR ENFORCEMENT REGULATIONS

1997-7100246 Management Decision Date: 10/27/1997

A supplemental response was prepared by Region 9 and routed to the OIG for review with more details on the milestones associated with the corrective action plan already in place. The supplemental response targets the completion of the corrective actions by December 31, 1998. Due to subsequent delays, the new target completion date is August 30, 1999.

AUDITS OF CONSTRUCTION GRANTS, SUPERFUND GRANTS, AND OTHER PROGRAM GRANTS

Grant audits are independent reviews of the records and performance of individual assistance recipients. These audits generally involve findings which require a repayment of Federal funds received for final action. Final action for these grant audits can take longer than a year as the grantee may appeal, refuse to repay, or be placed on a repayment plan that spans several years. (Audit Report Number, Management Decision Date and disallowed costs, where appropriate, are reflected for each audit).

Office of Acquisition and Management:

EMC UTICA

1984-4000836 Management Decision Date: 02/05/1990 Disallowed: \$110,106

The U.S. Attorney's Office of Michigan has negotiated a repayment schedule with the contractor. The Agency has no direct involvement in this process. EPA is receiving quarterly payments of \$7,500. Final action will occur when the last payment is received.

Region 2:

EQB - FOLLOW-UP REVIEW

1992-2300054 Management Decision Date: 03/29/1993

The Region continues to provide technical assistance and to monitor the Puerto Rico Environmental Quality Board's corrective actions. The Region is awaiting a new Single Audit now under review by the OIG, to provide a basis for closure of this audit and anticipates closure by January 2000.

Region 3:

CITY OF HOPEWELL

1993-3300003 Management Decision Date: 05/11/1993 Disallowed: \$137,388 and

LANCASTER SEWER AUTHORITY

1997-7300001 Management Decision Date: 06/24/1997 Disallowed: \$418,113

An account receivable is recorded in the Region as of March 31, 1999. The date for final resolution of the account receivable cannot be determined at this time.

Region 4:

CARYVILLE

1992-2200019 Management Decision Date: 11/10/1992 Disallowed: \$321,556

The Claims & Property Section has failed in all attempts to get this written off as uncollectible. So far, OIG has not agreed and still maintains that Caryville could pay off in small amounts. The discussions continue with no resolution in the near future. Final action cannot be determined.

ATLANTA

1997-7300023 Management Decision Date: 07/24/1997 Disallowed: \$955,042

Atlanta attorneys have written to U. S. Treasury requesting delay of debt collection activities until the Atlanta deviation request has been ruled on. This request has been forwarded to EPA Headquarters. Final action cannot be determined at this time.

Region 5:

OWOSSO

1989-9300072 Management Decision Date: 06/11/1990 Disallowed: \$90,987 and

CARBONDALE

1989-9300100 Management Decision Date: 09/25/1990 Disallowed: \$141,613 and

LUCE COUNTY

1990-0300021 Management Decision Date: 05/17/1990 Disallowed: \$56,250

The Region is still pursuing refund from the grantee. This debt was referred to the HQ Claims Officer and is under review by OGC. Final action cannot be determined at this time.

CANTON

1990-0300028 Management Decision Date: 09/28/1990 Disallowed: \$340,583

The Assistant Administrator issued a decision on November 24, 1998. The debt is now in collection. Final action cannot be determined at this time.

ST. JOHN

1991-1300020 Management Decision Date: 04/30/1991 Disallowed: \$147,370

EPA has been unable to collect. Referred to HQ Claims Officer. Grantee has claimed an inability to pay. As of February 12, 1999, the Office of Regional Counsel is reviewing the grantee's claim. Final action cannot be determined at this time.

MIAMI CD

1991-1300076 Management Decision Date: 01/28/1992 Disallowed: \$195,816

The Assistant Administrator's decision was issued on March 8, 1999. EPA now awaits the collection of the debt. Final action cannot be determined at this time.

STRONGSVILLE

1991-1300084 Management Decision Date: 02/05/1992 Disallowed: \$212,234

No debtor response to final demand letter sent by Region 5 on April 17, 1998. Debt referred to U. S. Treasury for collection on January 1, 1999. Final action cannot be determined at this time.

GALION

1991-1300115 Management Decision Date: 09/25/1992 Disallowed: \$118,103

An open account receivable in the amount of \$49,066 is recorded in the Region as of November 22, 1996. Unable to collect. This debt was referred to the HQ finance on December 4, 1997. Grantee has since requested permission to repay debt in installment payments. On March 11, 1999, the Region requested the Grantee provide justification for the necessity of installments. Presently awaiting that response.

CASS COUNTY

1991-1400042 Management Decision Date: 03/31/1992 Disallowed: \$150,226

The Assistant Administrator denied appeal on November 5, 1996. Billing sent to grantee on January 8, 1997. This debt was referred to the HQ claims officer on June 4, 1997. Forwarded to Treasury for cross-servicing October 24, 1998. Final action cannot be determined at this time.

INDIANAPOLIS

1991-1400047 Management Decision Date: 07/06/1992 Disallowed: \$4,795,245

The Assistant Administrator remanded the appeal decision back to Regional Administrator who issued a decision September 30, 1998. Awaiting collection of debt. Final action cannot be determined at this time.

GARY SD

1992-2400077 Management Decision Date: 01/28/1993 Disallowed: \$366,172

Over \$7 million of costs were questioned because the filters are inoperable. Consequently, Gary is in violation of its NPDES permit. Gary is known to be in litigation mode. All action required by consent decree have not yet been completed. The Assistant Administrator sustained the Regional Administrator's decision on April 9, 1998. Final action pending collection of debt.

FLINT

1993-3400038 Management Decision Date: 12/10/1993 Disallowed: \$988,141

The Regional Administrator's decision was issued on March 31, 1997. An open account receivable in the amount of \$42,434 plus interest was set up as of March 31, 1997. Unable to collect. This debt is being referred to the HQ finance. Final action cannot be determined at this time.

Region 9:

SUTTER CREEK

1992-2200040 Management Decision Date: 11/08/1993 Disallowed: \$124,728

The third and final payment was received by check, dated April 7, 1999, in the amount of \$39,107.34. Since the total principal of \$117,322 has been repaid to EPA, this audit was closed as of 4/27/99.

RUSSIAN RIVER

1992-2300082 Management Decision Date: 01/22/1996 Disallowed: \$4,167,156

The grantee is on a three year repayment plan. The first payment was collected on June 24, 1997. The target completion of the debt collection is June 30, 1999.

Region 10:

LOON LAKE SEWER DISTRICT

1992-2100664 Management Decision Date: 08/17/1993 Disallowed: \$128,729

Appeal settled February 18, 1998. Loon Lake must repay principal amount of \$109,391. The OIG has completed a review of an ability to pay issue and determined that repaying of the principal plus interest appears to be a financial hardship on the District. Loon Lake agreed to pay \$50,000 to settle their debt. Headquarters is currently reviewing their offer. This audit cannot be closed until final collection action.

AUDITS OF SUPERFUND CONTRACTS AND OTHER PROGRAM CONTRACTS

Reviews of preaward contract proposals evaluate whether the prospective cost or pricing data submitted were current, accurate and complete. Final action for these audits occur when the contract is awarded or the solicitation is canceled. Incurred cost audits and final cost audits review the allowability of costs claimed under the contract and determine compliance with terms and conditions of the award; final action occurs when repayments to EPA are received or corrective actions are implemented. Indirect cost audits evaluate whether a contractor's prospective or incurred indirect cost rate properly allocates allowable costs. Final action on these audits occurs when repayments to EPA are received or corrective actions are implemented. (Audit Report Number, Management Decision Date and disallowed costs, where appropriate, are reflected for each audit).

Office of Acquisition and Management:

OH MATERIALS (PROVISIONAL EQUIPMENT RATES)

1990-0300036 Management Decision Date: 09/23/1996 and

OH MATERIALS (PROVISIONAL EQUIPMENT RATES)

1992-2300024 Management Decision Date: 09/23/1996 and

OH MATERIALS (PROVISIONAL EQUIPMENT RATES)

1994-4400002 Management Decision Date: 09/23/1996 and

Equipment rates were reviewed. OAM is reviewing additional information before determination of final action. OHM plans to dispute the final action. Due to the contractor's appeals process, the final action date cannot be estimated at this time.

GUARDIAN ENVIRONMENT

1991-1300101 Management Decision Date: 09/28/1992

Many issues raised in the audit report must await final settlement of all delivery orders under two other contracts. Settlement of the delivery orders is in process. Final action is anticipated by November 31, 1999. Twelve delivery orders have been negotiated, four remaining DOs covered by the audit are in process. Final action cannot be determined at this time.

CH2M REVIEW OF INCURRED COSTS FYs 1987 - 1989

1994-4100398 Management Decision Date: 04/03/1997 Disallowed: \$2,702

EPA has requested that the contractor submit payment for the final sustained questioned costs. Additional information was furnished to the contractor on February 12, 1999 in support of questioned costs. Expect the contractor's payment by June 30, 1999.

CH2M REVIEW OF INCURRED COSTS FYs 1985 - 1986

1995-5100232 Management Decision Date: 03/04/1996 Disallowed: \$64,556 and

CH2M TECH 1 COSTS INCURRED

1995-5100533 Management Decision Date: 03/04/1996 Disallowed: \$2,434

Negotiations were completed April 3, 1997. We have requested that the contractor make payment of the final disallowed (sustained) costs. The contractor has had a large turnover of personnel which makes this task more difficult than it should be. Our projected date for final action is June 30, 1999.

OHM REM FY 1987

1995-5400015 Management Decision Date: 09/23/1997 Disallowed: \$38,101 and

OHM REM FY 1988

1995-5400020 Management Decision Date: 09/23/1997 Disallowed: \$144,347 and

OHM REM FY 1989

1995-5400025 Management Decision Date: 09/23/1997 Disallowed: \$403,619 and

OHM REM FY 1990

1995-5400027 Management Decision Date: 09/23/1997 Disallowed: \$225,006 and

OHM REM FY 1991

1995-5400031 Management Decision Date: 09/23/1997 Disallowed: \$409,473

Rates were reviewed and the contractor is currently reviewing their records to determine the status of the payment of the final sustained disallowed costs. The contractor has requested the CO's final decision, which they plan to dispute. Due to the dispute process, the final action date cannot be estimated at this time.

EHRT

1995-5300020 Management Decision Date: 03/09/1998 Disallowed: \$56,034

Contractor filed for bankruptcy on February 16, 1996. EPA's Office of General Counsel initiated a proof of claim on behalf of EPA in June 1997. All contract issues are now being handled by the Department of Justice. The expected resolution date cannot be determined at this time.

BLACK & VEATCH

1996-6100166 Management Decision Date: 03/12/1998 and

BLACK & VEATCH

1996-6100167 Management Decision Date: 03/12/1998 and

BLACK & VEATCH

1996-7100048 Management Decision Date: 03/12/1998 and

BLACK & VEATCH

1997-7100121 Management Decision Date: 03/12/1998

Negotiation memo is being prepared by the Contracting Officer. Expected adjustment is dependent on Black and Veatch Headquarter's concurrence on the settlement reached with their Philadelphia Office, and is not expected until July, 1999.

PRC EMI 1988

1997-7100066 Management Decision Date: 02/24/1998 Disallowed: \$187,498

Management decisions have been made by the COs. COs are proactively working on the resolution of final disposition of questioned direct costs for two PRC subcontracts with other prime contractors. The expected final resolution date is estimated for November 1999.

SINGLE AUDITS

Single audits are external audits which examine the financial operations of a State or local government to ensure a grantee complies with generally accepted accounting and financial procedures. Single audits are issued on a yearly or bi-yearly basis on all federally funded grantees. Generally, the findings are non-monetary compliance actions that must be corrected. The non-monetary corrective actions may take longer than one year to implement if the findings are complex or if the grantee does not have the resources to take corrective action. (Audit Report Number, Management Decision Date and disallowed costs, where appropriate, are reflected for each audit).

Region 2:

ENVIRONMENTAL QUALITY BOARD

1992-2500704 Management Decision Date: 03/29/1993

Puerto Rico Environmental Quality Board has improved its financial management/grant accounting procedures per the CPA firm currently performing EQB annual audits. The Region is awaiting issuance of a new Single Audit currently under review by the OIG, and expects closure by January 2000.

Total Audit Reports With A Management Decision But No Final Action After One Year: 72